

2009 OCT 14 AM 11:34
FEDERAL DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES

FILED

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

) CR No. 0

CR 09 01066

Plaintiff,

) I N F O R M A T I O N

v.

) [15 U.S.C. §§ 78j(b), 78ff:
MICHAEL EDWARD MCCREADY,
Securities Fraud]

Defendant.

The United States Attorney charges:

COUNT ONE

[15 U.S.C. §§ 78j(b), 78ff]

At all times relevant to this information:

1. Defendant MICHAEL EDWARD MCCREADY ("Defendant MCCREADY")

was a licensed securities broker and investment advisor.

2. Defendant MCCREADY owned, operated, and controlled a securities brokerage and investment advisory business that operated under several business names, including McCready & Associates.

MRW/mrw

Bet
Mr

1 Defendant MCCREADY and his business were associated with, and
2 purported to clear trades through, several national registered
3 brokerage firms. The primary place of defendant MCCREADY's business
4 was in Beverly Hills, California.

5 3. From in or about 2004 through in or about 2009, in
6 Los Angeles County, within the Central District of California, and
7 elsewhere, defendant MCCREADY, aided and abetted by others known and
8 unknown to the United States Attorney, knowingly and willfully,
9 directly and indirectly, and in connection with the purchase and
10 sale of securities: (1) employed a scheme to defraud; (2) made
11 untrue statements of material fact and omitted to state material
12 facts necessary in order to make the statements made, in light of
13 the circumstances in which they were made, not misleading; and
14 (3) engaged in acts, practices, and courses of business that
15 operated as a fraud and deceit, and used the means and
16 instrumentalities of interstate commerce, the mails, and the
17 facilities of a national securities exchange in furtherance of the
18 fraudulent scheme.

19 4. Specifically, between 2004 and 2009, defendant MCCREADY
20 took in millions of dollars from clients by purporting to operate a
21 legitimate brokerage and investment advisory firm. Defendant
22 MCCREADY told his clients that he would invest client funds in
23 traditional securities such as individual stocks, bonds, mutual
24 funds, and annuities.

25 5. Defendant MCCREADY also claimed that he created and
26 managed a hedge fund called "Horizon Opportunity Fund." The Horizon
27 Opportunity Fund purported to engage in sophisticated and profitable

1 investments involving securities referred to as interest rate
2 spreads.

3 6. In reliance on defendant MCCREADY's statements that
4 defendant MCCREADY intended to invest client funds in these
5 securities, clients sent money to accounts that defendant MCCREADY
6 established for them at his business.

7 7. Defendant MCCREADY regularly informed clients that their
8 funds were in safe, legitimate, and profitable investments that he
9 was monitoring and managing, including the Horizon Opportunity Fund.
10 Defendant MCCREADY conveyed this information to clients in personal
11 meetings and in written account statements that defendant MCCREADY
12 sent to clients via e-mail.

13 8. In truth and in fact, defendant MCCREADY did not manage
14 client funds as he represented. During the period 2004 through
15 2009, defendant MCCREADY did not purchase the securities he
16 identified in the written account statements or verbal discussions
17 with clients. Further, defendant MCCREADY never operated the
18 Horizon Opportunity Fund that he marketed to clients. Defendant
19 MCCREADY never disclosed this information to clients.

20 9. Instead, defendant MCCREADY deliberately misappropriated
21 client funds and converted the funds to his own use without telling
22 his clients. Defendant MCCREADY used client money to pay his
23 personal expenses, overhead expenses of McCready & Associates, and
24 costs of unrelated business ventures. Defendant MCCREADY also used
25 client funds to repay other investors via bank wire transfers,

26
27
28

1 thereby deceiving clients into believing that they were receiving
2 profits on their investments.

3

4 GEORGE S. CARDONA
5 Acting United States Attorney

Christine C. Ewell

6
7 CHRISTINE C. EWELL
8 Assistant United States Attorney
Chief, Criminal Division

9

10 DOUGLAS A. AXEL
11 Assistant United States Attorney
12 Chief, Major Frauds Section

13

14 MICHAEL R. WILNER
15 Assistant United States Attorney
16 Deputy Chief, Major Frauds Section

17

18

19

20

21

22

23

24

25

26

27

28